



Accelerate Your Business

Indiana Economic Development Corporation

One North Capitol, Suite 700  
Indianapolis, Indiana 46204  
Tel 317.232.8800  
Fax 317.232.4146  
[www.iedc.in.gov](http://www.iedc.in.gov)

December 12, 2007

Scott Linneweber  
Staff Attorney  
Family and Social Services Administration

Dear Mr. Linneweber:

Pursuant to IC 4-22-2-28, the Indiana Economic Development Corporation ("IEDC") has reviewed the economic impact analysis for small business associated with rule changes proposed by the Indiana Family and Social Services Administration ("FSSA") and contained in LSA Document 07-540, which amends 405 IAC 1-1-6. The rule creates a corrective action plan sanction and allows for the sanctioning of non-compliance with 42 U.S.C. 1396a(a)(68) False Claims Act employee education requirements ("the Act"), and it defines sanctions that the Office of Medicaid Policy and Planning will issue for non-compliance.

All providers currently enrolled in the Medicaid program could be subject to a corrective action plan if the provider is found non-compliant with current state or federal Medicaid laws and regulations. FSSA indicates that there are currently approximately 18,731 small businesses enrolled as Medicaid providers. Participation in the state Medicaid program is not mandated on providers. Additionally, the Act mandates that the state Medicaid plan must require "any entity that receives or makes annual payments under the State plan of at least \$ 5,000,000" to follow certain requirements regarding the education of their employees, agents, and contractors with regard to federal and state false claims laws. The Indiana definition of small business requires that the business have gross revenues equal to or less than \$5,000,000 annually. The FSSA is not currently aware of any businesses that satisfy both of these requirements. Therefore, the impact of the rule may be limited significantly.

The FSSA expects the total new economic impact of the rule on small businesses to be insubstantial. The proposed rule does not require any annual reporting that is not currently required by federal law. Therefore the rule should not result in an increase in reporting costs. In the event that a small business is out of compliance with the provisions of the Medicaid program, the small business will incur some costs associated with adopting and implementing a corrective action plan to regain compliance. While the cost of such corrective action plans will vary from business to business and is difficult to quantify, these costs are less punitive than the costs of disqualification from the Medicaid program. Costs would likely be attributable to preparing the documentation necessary to establish compliance with applicable provisions. If a business fails to submit a corrective action plan within the 60 day time period required by the rule, it would face costs associated with losing eligibility for reimbursement under the Medicaid program. However, even in this case the business would have been given the opportunity to develop a corrective action plan.

By providing a small business found to be in violation of Medicaid law time to come into compliance, the rule provides a beneficial alternative to disqualification from the program. Additionally, the rule provides additional security that providers in the Medicaid program are maintaining compliance with applicable laws. The IEDC does not object to the economic impact to small businesses associated with the rule changes.

If you have any questions about the comments contained herein please contact me at 232-8962 or [rasberry@iedc.in.gov](mailto:rasberry@iedc.in.gov).

Regards,

A handwritten signature in black ink, appearing to read "Ryan Asberry". The signature is fluid and cursive, with a long horizontal stroke at the end.

Ryan Asberry  
Assistant Vice President  
Indiana Economic Development Corporation